

## Message Text

UNCLASSIFIED POSS DUPE

PAGE 01 PARIS 22502 01 OF 02 231932Z

63

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 CIEP-03 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 FRB-03 XMB-07 OPIC-12 LAB-06 SIL-01

ACDA-19 HEW-08 AGR-20 DRC-01 /223 W

----- 116014

R 231904Z SEP 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2586

INFO USMISSION EC BRUSSELS

UNCLAS SECTION 01 OF 02 PARIS 22502

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: 1975 BUDGET - CERP 0200

REF: A. PARIS 14374; B. PARIS 24935, SEPTEMBER 21, 1973

1. SUMMARY. ON SEPTEMBER 19 COUNCIL OF MINISTERS APPROVED 1975 FRENCH BUDGET. APPROVAL OF PARLIAMENT WILL FOLLOW, BUT SOME CHANGES MAY BE EXPECTED. BUDGET IS BALANCED FOR SIXTH CONSECUTIVE YEAR. TOTAL EXPENDITURES ARE PROJECTED AT ABOUT 267 BILLION FRANCS, UP SOME 13 PERCENT FROM LAST YEAR (AS COMPARED WITH AN ANTICIPATED GROWTH OF ECONOMY, IN MONEY TERMS, OF 14.3 PERCENT). REVENUES, SOME 300 MILLION FRANCS MORE THAN RECEIPTS, ARE UP BY SOME 11 PERCENT, A LOWER FIGURE DUE TO 4 BILLION FRANC SURPLUS PROJECTED FOR 1974.

(BILLIONS OF FRANCS)

1974	1975

(REVISED BUDGET)

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 22502 01 OF 02 231932Z

EXPENDITURES	232.2	264.0
--------------	-------	-------

GROSS LENDING	4.5	3.3
TOTAL OUTLAYS	236.7	267.3
REVENUES	237.7	264.5
LOAN REPAYMENTS	2.8	3.1
TOTAL RECEIPTS	240.5	267.6
BALANCE	(PLUS) 3.8	(PLUS) 0.3
END SUMMARY		

## 2. REVENUES - 1975 BUDGET CONTAINS FOLLOWING REVISIONS OF TAX LEGISLATION:

A. UPWARD REVISION OF TAX BRACKETS. TO TAKE INTO ACCOUNT THE EFFECTS OF INFLATION, THE ENTIRE TAX LADDER IS TO BE RAISED 12 PERCENT HIGHER AGAINST INCOMES (I.E., LAST YEAR'S RATES WOULD BE MADE APPLICABLE TO INCOMES 12 PERCENT HIGHER THAN LAST YEAR). INCREASES IN THE PROGRESSIVE RATE SCALE WILL BE BY 5 PERCENTAGE POINTS RATHER THAN 10, TO DIMINISH ADDED BURDEN ON THOSE ENTERING HIGHER BRACKETS. MINIMUM TAXABLE INCOME IS RAISED FROM 10,000 FRANCS YEAR TO 11,400 FRANCS FOR SALARIED EMPLOYEES, TO 10,000 FOR SELF-EMPLOYED - ANOTHER STEP IN PROCESS OF EQUALIZING TAXATION FOR TWO GROUPS. ESTIMATED COST TO GOVERNMENT OF THESE CHANGES IS 4,485 BILLION FRANCS.

B. OTHER REVENUE SHIFTS. GOVERNMENT REVENUE IS FURTHER REDUCED BY SOME 531 MILLION FRANCS THROUGH A NUMBER OF MEASURES, INCLUDING INCREASED DEDUCTIONS FOR INTEREST PAYMENTS, FOR PAYMENT OF LIFE-INSURANCE PREMIUMS, AND FOR COSTS OF IMPROVING HEAT-SAVING INSULATION, INCREASES IN SPECIAL DEDUCTIONS FOR PEOPLE OVER 65 OR DISABLED, AND A REDUCTION IN TAXATION ON NEWSPAPERS. THESE ARE BALANCED OFF BY SAME AMOUNT IN NEW REVENUES FROM HIGHER TAXATION OF ALCOHOLIC BEVERAGES AND ON COMPANY-OWNED VEHICLES AND AN INCREASE IN PASSPORT FEES.

UNCLASSIFIED  
UNCLASSIFIED

PAGE 03 PARIS 22502 01 OF 02 231932Z

3. EXPENDITURES - AS NOTED PARA. 1 LARGE OVERALL INCREASE OF EXPENDITURES WITHIN BALANCED BUDGET MADE POSSIBLE BY COMBINATION SUSTAINED GROWTH AND HIGH INFLATION. INCREASE VARIED WITH TYPE OF EXPENDITURE. PAYMENTS IN PUBLIC DEBT WHICH INCREASED SIGNIFICANTLY BETWEEN 1973 AND 1974 WILL GROW VERY LITTLE MORE THAN BUDGET AS A WHOLE, AS IS TRUE OF THE MILITARY BUDGET (EACH 13.8 PERCENT). OPERATING EXPENDITURES (INCLUDING SALARIES) RISE BY SLIGHTLY MORE, WHILE THE BUDGET FOR "INTERVENTIONS" (GOVERNMENT SUBSIDIES) RISES BY ONLY

11.3 PERCENT. SOCIAL WELFARE EXPENDITURES (AID TO THE AGED AND DISABLED, FAMILY ALLOWANCES, HEALTH, UNEMPLOYMENT COMPENSATION AND JOB TRAINING) WILL GROW BY SOME 23 PERCENT. THE BUDGET FOR CAPITAL INVESTMENT RISES BY ONLY 10.4 PERCENT. FROM A

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 PARIS 22502 02 OF 02 231946Z

63

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 CIEP-03 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 FRB-03 XMB-07 OPIC-12 LAB-06 SIL-01

ACDA-19 HEW-08 AGR-20 DRC-01 /223 W

----- 116153

R 231904Z SEP 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2587

INFO USMISSION EC BRUSSELS

UNCLAS SECTION 02 OF 02 PARIS 22502

FUNCTIONAL VIEWPOINT, A NUMBER OF PRIORITIES WERE ESTABLISHED FOR CAPITAL INVESTMENT. EXPENDITURES ON THE MAIL SERVICE ARE TO INCREASE BY 26 PERCENT, ON TELECOMMUNICATIONS BY 24 PERCENT AND ON PUBLIC TRANSPORTATION BY 39 PERCENT, WHILE THERE WILL BE A NET DECLINE IN CAPITAL EXPENDITURES FOR EDUCATION AND CIVIL AVIATION.

#### 4. ECONOMIC ASSUMPTIONS -

THE 1975 FRENCH BUDGET IS BASED ON THE FOLLOWING ASSUMPTIONS FOR THE FRENCH ECONOMY IN 1975: REAL GROSS

INTERNAL PRODUCTION (GNP LESS SERVICES OF GOVERNMENT AND DOMESTIC PERSONNEL) IS EXPECTED TO GROW BY 4.2 PERCENT NEXT YEAR, COMPARED WITH MOST RECENT PROJECTIONS OF SLIGHTLY OVER 4.5 PERCENT FOR 1974. EXPORTS ARE PROJECTED AS THE LEADING SECTOR OF THE ECONOMY, WITH A GROWTH RATE OF 10.1 PERCENT IN VOLUME. (IMPORTS WILL GROW ONLY BY 6 PERCENT IN VOLUME.) BUSINESS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 22502 02 OF 02 231946Z

INVESTMENT IS TO RISE 4.5 PERCENT, WHILE HOUSEHOLD CONSUMPTION IS TO GROW BY ONLY 4.2 PERCENT. THE MONEY VALUE OF GIP IS EXPECTED TO GROW BY 14.3 PERCENT TO 1,330 BILLION FRANCS (\$277 BILLION, AT \$1FR. 4.80). THE PRICE DEFLATOR THEREFORE WORKS OUT TO ABOUT 9.7 PERCENT. IRWIN

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT BUDGET, BUDGET DATA, CERP 0200  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974PARIS22502  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740267-0548  
**From:** PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740922/aaaaasow.tel  
**Line Count:** 189  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** A. PARIS 14374; B. PARIS 24935, SEPT, EMBER 21, 1973  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** housmasa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUN 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUL 2002 by maustmc>; APPROVED <18 JUL 2002 by golinofr>; WITHDRAWN <13 Jun 2005 by BoyleJA, PRIVACY>; RELEASED <16 JUN 2005 by moorthsk>; APPROVED <16 JUN 2005 by housmasa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** 1975 BUDGET - CERP 0200  
**TAGS:** EFIN, ECRP, FR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005